

## Message Text

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INFO OCT-01 ISO-00 /005 R

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DRAFTED BY:NEA/INS:RDLORTON

APPROVED BY:NEA/INS:DKUX

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R 241450Z AUG 74

FM SECSTATE WASHDC

INFO AMEMBASSY KATHMANDU 4056

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FOLLOWING SENT ACTION SECSTATE AUG 23, 1974 FROM NEW DELHI  
REPEATED TO YOU:

QUOTE UNCLASSIFIED NEW DELHI 11205

E.O. 11652: N/A

TAGS: ETRD, IN

SUBJECT: JUTE INDUSTRY SITUATION

FOLLOWING SENT ACTION NEW DELHI AUG 23RD FROM CALCUTTA  
RPTD TO YOU:

QUOTE:

CALCUTTA 1717

E.O. 11652: N/A

TAGS: ETRD, IN

SUBJ: JUTE INDUSTRY SITUATION

REF: CALCUTTA 1193

1. THE SOMEWHAT GLOOMY PICTURE OF INDIA'S JUTE INDUSTRY  
WHICH REFERENCE TELEGRAM PAINTED SHOULD BE MODIFIED  
AGAINST RECENT EVIDENCE THAT WHILE THE SITUATION IS ONE FAR  
FROM IDEAL, THINGS HAVE IMPROVED.

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## 2. OFFICIAL STATISTICS OF THE FIRST SIX MONTHS OF 1974

(SOURCE: OFFICE OF THE JUTE COMMISSIONER) TELL THE STORY:

JUTE PRODUCTION FIGURES  
(IN TONS)

|                    | 1972    | 1973    | 1974   |
|--------------------|---------|---------|--------|
| JANUARY            | 111,900 | 92,100  | 47,500 |
| FEBRUARY           | 105,900 | 92,800  | 59,800 |
| MARCH              | 117,300 | 105,400 | 93,300 |
| APRIL              | 112,600 | 93,900  | 76,800 |
| MAY                | 108,000 | 98,000  | 96,900 |
| JUNE               | 97,600  | 90,300  | 99,900 |
| JULY (PRELIMINARY) | 101,600 | 95,300  | 88,00  |

JUTE EXPORT FIGURES  
(IN TONS)

|          | 1972   | 1973   | 1974   |
|----------|--------|--------|--------|
| JANUARY  | 51,500 | 47,200 | 41,900 |
| FEBRUARY | 54,400 | 42,900 | 15,800 |
| MARCH    | 55,700 | 44,000 | 45,400 |
| APRIL    | 75,700 | 51,000 | 48,400 |
| MAY      | 52,800 | 49,300 | 34,200 |
| JUNE     | 58,600 | 48,600 | 66,000 |

3. THE IMPROVED PICTURE IS MAINLY DUE TO A BETTER ELECTRIC POWER SUPPLY SITUATION. POWER CUTS IN THE CALCUTTA INDUSTRIAL AREA WERE MOST SEVERE IN THE MONTH OF APRIL, AND PRODUCTION FIGURES REFLECT THIS.

4. JUTE INDUSTRY SOURCES HERE CAUTIOUSLY WELCOME THE INTRODUCEMENT OF GOVERNMENTAL POWER RATIONING. UNDER THE SCHEME MADE EFFECTIVE AUGUST 12, ALL INDUSTRIES IN THE SOUTHERN WEST BENGAL, CALCUTTA, NADIA AND MURSHIDABAD DISTRICTS ARE COMPELLED TO RESTRICT THEIR USAGE OF COMMERCIAL POWER BY ONE DAY PER WEEK, ALTHOUGH CERTAIN EXCEPTIONAL ARRANGEMENTS ARE ALLOWED FOR INDUSTRIES WHICH UTILIZE NIGHT SHIFTS. JUTE INDUSTRIALISTS ARE PLEASED AT THE PROSPECT OF A PRE-DETERMINED, REGULATED, UNINTERRUPTED SUPPLY OF POWER, AND VIEW UNCLASSIFIED

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IT AS MORE PALATABLE THAN THE SPORADIC UNPREDICTABLE SUPPLY OVER THE LONGER WEEK WHICH HAS BEEN THE PATTERN OF RECENT MONTHS. THOSE COMPANIES WHICH ALREADY HAVE THEIR OWN CAPTIVE GENERATING SETS IN PLACE (AMERICAN-OWNED LUDLOW IS ONE OF THEM) ARE IN COMPARATIVELY GOOD SHAPE, AS THE DAY'S LOSS OF COMMERCIAL POWER CAN BE MADE UP FROM THEIR OWN SUPPLY.

5. WITH THESE POSITIVE INDICATORS NOTED, IT IS WELL TO NOTE

THAT OTHER PROBLEMS MAY LIE AHEAD FOR THE JUTE INDUSTRY. SEVERAL INDUSTRY LEADERS WE HAVE TALKED WITH ARE CONCERNED OVER WHAT THE RECENT TIGHTENING OF BANK CREDIT BY THE GOI WILL DO TO THEIR NORMAL BUSINESS OPERATIONS, MUCH LESS TO EXPANSION PLANS. MORE IMPORTANTLY, THERE MAY BE BAD NEWS AHEAD IN TERMS OF RAW JUTE AVAILABILITY, AS FARMERS SWITCH TO CULTIVATION OF PADDY. WEST BENGAL AGRICULTURAL MINISTER SATTAR ESTIMATED THIS WEEK THAT THERE WOULD BE 40 PERCENT LESS JUTE PRODUCED IN THE STATE AND AVAILABLE TO ITS INDUSTRY IN 1974-75 BECAUSE OF A PROPORTIONATE SHRINKAGE IN ACREAGE UNDER CULTIVATION. JUTE CORPORATION SURCES HERE INDICATE THAT ACREAGE DEVOTED TO JUTE CULTIVATION IS ALSO DOWN IN ASSAM, BIHAR, ORISSA, ANDHRA PRADESH AND TRIPURA. RECENT FLOODS IN NORTHEASTERN INDIA HAVE ADDED ANOTHER NEGATIVE FACTOR. AFTER A GOOD CROP YEAR IN 1973-74, IN WHICH RAW JUTE SALE PRICES FELL AS INDUSTRY PURCHASES TAILED OFF AND JUTE CORPORTION SUPPORT BUYING WAS INADEQUATE, THE PROSPECTS NOW ARE FOR A MUCH REDUCED CROP, INCREASED RAW JUTE PRICES, AND HIGHER PRODUCTION COSTS. THE CYCLE WHICH THE JUTE CORPORATION WAS MAINLY CREATED TO REGULATE THIS CONTINUES; THE CORPORATION HAS YET TO OBTAIN A COMMANDING, STABLIIZING POSITION IN THE JUTE MARKET. PICKERING

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGRICULTURAL PRODUCTION, JUTE, DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE186633  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** NEA/INS:RDLORTON  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740234-1071  
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**Handling Restrictions:** n/a  
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**Line Count:** 139  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN NEA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** CALCUTTA 1193  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** martinjw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 JUN 2002 by reddocgw>; APPROVED <24 JAN 2003 by martinjw>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** JUTE INDUSTRY SITUATION  
**TAGS:** ETRD, IN  
**To:** KATHMANDU  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005